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**USTR Announces Progress in Combating  
Optical Media Piracy in Ukraine**

President Clinton and Ukrainian President Kuchma today issued a joint statement expressing their agreement to a plan of action to combat the unauthorized production and export of optical media products (e.g., CDs, CD-ROMs, DVDs) in Ukraine. The Government of Ukraine has committed to implement this plan by November 1, 2000.

“We are highly encouraged by the positive approach the Government of Ukraine is taking to address the serious problem of optical media piracy, and we look forward to Ukraine’s implementation of the agreed upon action plan,” said United States Trade Representative Charlene Barshefsky. “Ukraine has been working on developing a modern intellectual property regime since gaining its independence and it has made real progress, including adhering to several key international conventions for the protection of intellectual property. While much work lies ahead, these efforts will help Ukraine to satisfy some of the key conditions for membership in the World Trade Organization.”

In recognition of this commitment by the Government of Ukraine as well as its recent actions in fighting optical media piracy, Ambassador Barshefsky will defer from August to December 2000 the decision on whether to designate Ukraine a “Priority Foreign Country” under “Special 301” which examines the adequacy and effectiveness of intellectual property protection among the United States’ trading partners. The Government of Ukraine has indicated that it will make every effort to obtain passage of key legislative elements in the action plan before the Ukrainian parliament goes on recess in mid-July. Full implementation of the action plan, including prompt enactment of key legislation, will pave the way for a decision to exclude Ukraine from the list of “Priority Foreign Countries.”

**Background**

The Government of Ukraine has succeeded in suspending production at the five known pirate

optical media plants operating in the country. It has committed to keeping these plants under strict supervision and monitoring, in conjunction with the U.S. copyright industry, to ensure that in the future, plants that reopen will engage only in authorized production. In recent years, pirates operating in Ukraine have exploited weaknesses in the intellectual property regime to produce and export, as well as sell domestically, tens of millions of unauthorized CDs.

In 1999, Ukraine was Europe's leading producer and exporter of pirated CDs. This piracy has caused severe damage to both the U.S. and Ukrainian copyright industries. The U.S. copyright industry estimates that in 1999 more than \$200 million in revenues were lost due to piracy in Ukraine.

Under the agreed action plan, the Government of Ukraine has committed to, among other things: 1) seek the prompt adoption of legislation to provide protection to all U.S. and other foreign sound recordings previously released within the past fifty years; 2) seek the prompt enactment of amendments to its penal code to provide strong remedies, including criminal penalties with imprisonment, for the violation of the copyright law, including in particular the violation of the rights of producers of sound recordings; 3) adopt a comprehensive set of regulations relating to the import and export of optical media products, raw materials, and manufacturing equipment; and, 4) adopt regulations requiring the licensing of all entities involved in the manufacture or distribution of sound recordings, and requiring the use of unique identifiers in the manufacturing process.

Copies of the joint statement will be available from the White House Web site: [www.whitehouse.gov](http://www.whitehouse.gov).